

Items of Interest Regarding Comptroller's Directive No. 2-08

General:

- Questions should be addressed to the following: Sharon Lawrence, Director of Financial Reporting Sharon.Lawrence@doa.virginia.gov or (804) 225-2414, Doug Page, Assistant Director of Financial Reporting at Doug.Page@doa.virginia.gov or (804) 225-3136 or Christy Tuck, Senior Lead Financial Reporting Analyst, at Christy.Tuck@doa.virginia.gov or (804) 225-3180.
- The Comptroller's Directive No. 2-08, Financial Statement Template Preparation for Higher Education Institutions, has been renumbered from the prior year's Comptroller's Directive No. 2-07.
- Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 112), states that the identification by the auditors of a material misstatement is an indicator of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control. This includes misstatements involving estimation and judgments and prior year ending balance restatements due to errors. It is possible that significant errors resulting in financial statement template adjustments, including prior year ending balance restatements, could result in either material internal control weaknesses or even a qualified opinion on the Commonwealth's Comprehensive Annual Financial Report (CAFR). **Institutions and foundations must ensure controls are in place to avoid material misstatements, restatements (due to errors), and/or misclassifications in the financial statement template.**
- Institutions will be notified if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised due date will be provided. The *Code of Virginia, §2.2-5004 A3*, identifies "substantial compliance with all financial reporting standards approved by the State Comptroller" as an integral part of the financial and administrative management standards. **DOA will evaluate both the timeliness and accuracy of submissions to DOA to help determine whether the higher education institutions have complied with this management standard.** In addition, failure to provide complete and accurate information by the required due dates may result in citation in the Comptroller's *Report on Statewide Financial Management and Compliance* (Quarterly Report).
- The following GASB statements are effective for the Commonwealth for fiscal year 2008: **GASBS No. 45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEBs), **GASBS No. 48**, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and **GASBS No. 50**, *Pension Disclosures*.
- E-mail submissions are required for all submissions unless an individual submission indicates otherwise. DOA's e-mail submission address is finrept-HE@doa.virginia.gov.
- Institutions should remember to copy the Auditor of Public Accounts (APA) on all e-mail submissions to APAFinRept@apa.virginia.gov.
- Only cells highlighted in yellow allow for data entry. If a cell requires an amount to be entered, only whole numbers are allowed. Messages have been added that provide assistance to individuals having trouble entering data when the established parameters are not being followed. **Failure to correct keying errors denoted by validation messages prior to submission will prohibit acceptance of the attachment.**

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- DOA will notify institutions during the CAFR preparation and throughout the year if additional information is needed and provide a due date via e-mail correspondence.
- DOA will offer hands-on computer work sessions in June to discuss directive changes. Each institution's directive contact should have received an e-mail regarding the sessions and how to register.

Attachment # & Due Date Changes:

Below are the new attachment numbers and due dates:

FY 2008 Attachment Number	FY 2007 Attachment Number	Attachment Name	Due Date
HE-1	n/a	FY 2007 - Off-Balance Sheet Financial Obligations	July 17
HE-2	HE-1	Contact Survey	July 17
HE-3	HE-2	Beginning Net Asset Reconciliation	July 31
HE-4	HE-3	On-Behalf Payments	August 14
HE-5	HE-4	Optional Retirement Plans	August 14
HE-6	HE-5	<u>GASBS No. 14 Checklist Modified to Reflect GASBS No. 39</u>	August 14
HE-7	HE-6	Federal Schedules	August 28
HE-8	HE-7	Appropriation Available and Appropriation Revenue	September 4
HE-9	HE-8	Treasury's Reimbursement Programs	September 8
n/a	HE-9	Manual Leave Liability Calculation Guidelines	n/a
HE-10	HE-10 & HE-11*	Financial Statement Template	Various (Note **)
HE-11	HE-12	Adjustments	Various (Note **)
HE-12	HE-10A	Schedule of Cash, Cash Equivalents, and Investments at June 30	Various (Note **)
HE-13	HE-13	Report of Financial Condition	Various (Note **)
HE-14	n/a	FY 2008 - Off-Balance Sheet Financial Obligations	January 22, 2009

Note*: The prior year's Attachment HE-11, Reconciliation, is included in the Attachment HE-10, Financial Statement Template.

Note**: The due dates for the Attachments HE-10, HE-11, HE-12, and HE-13 are staggered. See the **Staggered Due Dates** section that follows for the due dates.

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Staggered Due Dates:

The staggered due dates were determined based on the number of foundations reported by the HEI on the prior year's submission.

Due dates for the Attachments HE-10 & HE-11	Due dates for the Attachment HE-12	Due dates for the Attachment HE-13	# of foundations	HEI acronyms
September 25	September 30	October 9	0 - 1	GMU, IALR, ITA, JMU, NCI, RU, RHEA, SVHEC, SWVHEC
September 29	October 2	October 13	2 - 4	CNU, LU, UMW, NSU, ODU, VMI, VPI&SU, VSU
October 1	October 6	October 15	5 or more	CWM, UVA, VCU, VCCS

New Attachments:

Attachments HE-1 & HE-14 are **new** attachments to provide off-balance sheet financial obligations as required by the *Code of Virginia* § 2.2-813.2. Attachment HE-1 is to obtain off-balance sheet financial obligations as of June 30, 2007. The Attachment HE-14 is to provide the off-balance sheet financial obligations as of June 30, 2008 and will be available on DOA's website at a later date. This information is only for the institution's amounts and not the foundation amounts.

Attachment HE-10, Financial Statement Template (FST) New Line Items:

The following new FST line items were added because some institutions have self-insurance programs:

- Claims Payable – Due Within One Year
- Claims Payable – Due in More Than One Year

The following new FST line item was added because of the implementation of GASBS No. 45.

- Long-term Liabilities – Amounts Due in More Than One Year – Other Postemployment Benefits

The **row numbers for certain FST line items have changed** because of these new line items. In addition, two line items that were previously used by DOA only have been deleted. If the row number of the FST line items is important to the conversion of the individually published financial statements to the template line items, you may need to review the FST to see if these changes affect the conversion of this information.

Attachment HE-10 - Fluctuation Analysis:

Explanations must be provided for the following fluctuations: 1) **increases or decreases greater than \$2,220,000 and 10% or** 2) **increases or decreases greater than \$7,400,000**. DOA may request explanations for other fluctuations that appear unusual or unreasonable. The FST tab has been revised to identify what fluctuations require an explanation. In addition, two new tabs have been added to provide the explanations.

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Additional Changes to Attachment HE-10:

The following are some of the changes that have been made to the Attachment HE-10.

- **All tabs – variance check figures added:** Variance check figures have been added on all tabs that have cells that show an error message if information is keyed incorrectly. These check figures are displayed in red and they show the differences in amounts that should help to determine why there is an error message. Some check figures will show on the printed document; however, some check figures are seen on the screen but are not within the print area range and will be excluded from the printed document.
- **TAB 7, Miscellaneous:** The prior year's **Part 13**, regarding GASBS No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (OPEBs)*, has been revised because of the new GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.
- **TAB 7, Miscellaneous: Part 15 is new** and has questions regarding GASBS No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.
- **TAB 7, Miscellaneous: Parts 16, 17, and 18** are to obtain general information regarding the following: GASBS No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (effective FY 2009), GASBS No. 51, *Accounting and Financial Reporting for Intangible Assets* (effective FY 2010), and GASBS No. 52, *Land and Other Real Estate Held As Investments by Endowments* (effective FY 2009). **DOA does not want the HEI to early implement these statements.** These new parts were added to help DOA plan the future implementation of these statements.

Changes to Supplemental Information:

The **Supplemental Information** section in the directive has the following new requirements:

- All institutions must provide information regarding rebates, vendor surcharges, and other information so DOA can have a complete population to determine the rebate payment to the federal government.
- Covered institutions will have to provide cash basis data that will be used for indirect cost statistics for the statewide cost allocation plans. DOA has historically used CARS to obtain this information.

Changes to Attachment HE-13, Report of Financial Condition:

APA has modified their Attachment HE-13 to require **final** financial statements rather than draft financial statements. The due date for this information and the Attachment HE-13 is staggered. See the **Staggered Due Dates** section for the due dates. APA wants the final financial statements submitted in an electronic format.

Additional Information:

See the instructions for Attachment HE-10, Financial Statement Template, the **Financial Statement Template Preparation for Higher Education Institutions**, **Additional Guidelines for Preparation of the Financial Statement Template**, and **Combining Financial Statement Template Preparation for Foundation(s)** sections of the Office of Comptroller's Directive 2-08 for additional information.